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October 26, 1994

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The Honorable Gillespie V. Montgomery
U.S. House of Representatives
2184 Rayburn House Office Building
Washington, DC 20515-2403

Dear Congressman Montgomery:

Thank you for your letter dated September 14, 1994, regarding auctions for broadband personal communications service (PCS) licenses, and the petition filed by Telephone Electronics Corporation (TEC) to reconsider the Commission's *Fifth Report and Order* in PP Docket No. 93-253. In your letter, you express concern that the Commission's rules may preclude small rural telephone companies such as TEC from bidding for broadband PCS "entrepreneurs' block" licenses.

I share your concern that our auction rules be structured to provide significant opportunities for rural telephone companies to participate in the PCS market. We recognize that rural telephone companies have traditionally played an essential role in bringing communications services to rural areas, and our goal is to promote their participation in the delivery of PCS to such areas as well. Throughout the auctions rulemaking proceeding, the Commission has sought and carefully considered the views of rural telephone companies on how to accomplish this goal. In the *Fifth Report and Order*, for example, the Commission responded to proposals put forward by several rural telephone companies by adopting a geographic partitioning mechanism that provides rural telephone companies with the enhanced opportunity to serve areas in which they already provide service, while the remainder of the PCS service area can be served by other providers. Under this mechanism, rural telephone companies may obtain broadband PCS licenses within geographic areas that are partitioned from larger PCS service areas, either by forming bidding consortia consisting of rural telephone companies or by acquiring partitioned licenses from other licensees through private negotiation.

In response to the *Fifth Report and Order*, TEC is one of several petitioners who have requested reconsideration with regard to the rural telephone company provisions adopted in the broadband PCS auction rules. The rural telephone company petitions request a number of changes, including revising the small business eligibility criteria for entrepreneurs' block licenses to allow for greater participation by rural telephone companies, reconsidering the

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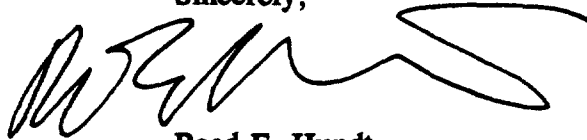
The Honorable Gillespie Montgomery

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Commission's affiliation and aggregation rules with respect to calculation of rural telephone company gross revenues and assets, and providing bidding credits and installment payments for small rural telephone companies. I can assure you that the Commission will seriously consider these proposals in its review of the *Fifth Report and Order*. While I do not want to prejudge the Commission's decision in this proceeding, we share your interest in ensuring that our rules provide a full and fair opportunity for rural telephone companies to participate in the PCS market.

I thank you again for your interest in this matter and hope that you will continue to share your thoughts and suggestions with me on this or any other matter of concern to you.

Sincerely,

A handwritten signature in black ink, appearing to read 'Reed E. Hundt', with a long, sweeping horizontal line extending to the right.

Reed E. Hundt
Chairman

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Congress of the United States
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Washington, DC 20515
September 14, 1994

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Chairman Reed Hundt
Federal Communications Commission
Suite 814
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Dear Mr. Chairman:

Because of my interest in the delivery of telecommunications services in rural areas, I am deeply interested in the adoption of rules for auctioning licenses for broadband personal communications services (PCS). I strongly support Telephone Electronics Corporation's (TEC) petition for reconsideration of the Commission's Fifth Report and Order.

It would appear the Commission has adopted gross revenue criteria that preclude a small, family-owned company, such as TEC, from bidding directly in the auctions for the entrepreneurs' blocks and disqualify them from all small business bidding preferences. TEC operates Bay Springs Telephone Company, a rural telephone company serving the counties of Jasper, Scott, Smith, Jones and Rankin, all of which are in my Congressional District. TEC has an outstanding record of over 70 years of telephone service in rural areas and a proven commitment to providing the same modern technology enjoyed in the most advanced urban areas. It would be a serious miscarriage of equity and fairness for the Fifth Report and Order in PP Docket #93-253 to be allowed to stand and thus deny TEC the right to participate in the auction.

Prompt and favorable action on TEC's petition for reconsideration is essential to the State of Mississippi because it will allow Bay Springs Telephone Company to enter the wireless personal communications market and remain an economically viable provider of local telephone service to the small towns and rural areas of Mississippi. The Census Bureau recently reported that Mississippi suffers from one of the highest levels of households without telephone service of any state in the nation. It is important to rural Mississippians to have access to advanced communications technology and innovative portable telecommunications.

OFFICE OF
GENERAL COUNSEL

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Chairman Reed Hundt
September 14, 1994
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Initiatives such as TEC's entry into broadband PCS are crucial to the rural development of states like Mississippi because they help sustain the economic base of the many small communities scattered across the vast rural areas of America. A grant of TEC's petition will help maintain the same quality of life for rural residents that is enjoyed by their urban neighbors.

I know of no compelling or legal reason why TEC's petition should be denied. As I stated earlier, a ruling in favor of the petition is a matter of fairness and equity. I know that you and the other Commissioners will reach the only just decision by granting the relief sought by TEC and approving the company's petition.

Thank you for your consideration.

Sincerely,


GILLESPIE J. MONTGOMERY
Member of Congress

GVM:ac